

APPENDIX F

SAMPLE CALCULATION OF MAXIMUM SALE PRICE – MIDDLE INCOME UNIT

The following table shows a sample calculation of the maximum sale price of a condominium unit targeted to 120% of the AMI (AMI = \$71,400 as of May, 2010)

MAXIMUM SALE PRICE FOR MIDDLE INCOME UNITS

Number of bedrooms:	1	2	3
Maximum income (% of AMI):	160%	160%	160%
Target income (% of AMI):	120%	120%	120%
Unit size multiplier factor:	0.75	0.9	1.0
Target income for affordability:	\$64,260	\$77,112	\$85,680
Housing cost/inc ratio for calc:	35%	35%	35%
Max payment for housing expenses:	\$1,874	\$2,249	\$2,499
Down payment used for calc:	10%	10%	10%
Mortgage interest used for calc:	5.50%	5.50%	5.50%
Association fees used for calc:	\$420	\$420	\$420
Property tax payments:	\$246	\$310	\$352
Mortgage payments:	\$1,208	\$1,519	\$1,727
Amt of loan this will amortize:	\$212,755	\$267,529	\$304,162
Plus down payment:	\$23,639	\$29,725	\$33,796
Maximum sale price (rounded):	\$236,400	\$297,300	\$338,000

For the purpose of determining the sales price the City uses an interest rate equal to the higher of the following two rates: (1) the average ten-year treasury constant maturity rate over the most recent 24 months, plus 200 basis points (2.0%), or (2) the prevailing rate charged by local institutional lenders on a zero point 30-year fixed rate mortgage at the time of final Planning Commission approval of the project

These calculations are intended as examples only; the parameters used in the calculations will be determined by the City on an annual basis.

The initial maximum sale price calculation is sensitive to changes in the interest rate of the mortgage financing and will also vary with changes in the AMI and homeowner association fees.